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January 6, 2003

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Ms Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C 20554

**Re: WorldNet Telecommunications, Inc.'s Ex Parte Comments in The
Matter of Review of Section 251 Unbundling Obligations of
Incumbent Local Exchange Carriers and Implementation of the Local
Competition Provisions of Telecommunications Act of 1996, CC
Docket Nos. 01-338; 96-98; 98-147**

Dear Ms. Dortch:

WorldNet Telecommunications, Inc. ("WorldNet"), through its undersigned counsel, hereby respectfully submits the following *ex parte* comments in the above-captioned docket. As explained further below, the purpose of WorldNet's comments is to emphasize the continuing need for access to the UNE platform or "UNE-P" in Puerto Rico.

I. WorldNet's Telecommunications Operations

WorldNet was rounded in 1996, following the enactment of the Telecommunications Act of 1996 ("Act").¹ Headquartered in San Juan, Puerto Rico, WorldNet is a small company with operations only in Puerto Rico and has no affiliations to any other company. WorldNet currently employs approximately fifty people. WorldNet is authorized by the Telecommunications Regulatory Board of Puerto Rico ("Board") to operate as a reseller and a competitive local exchange carrier ("CLEC") throughout Puerto Rico.

¹ Pub. L. 104-104, 110 Stat. 56, codified at 47 U.S.C. § 151 et. seq.

Noted and
Listed

WorldNet currently provides local telephone service, long distance telephone service, and data services. Historically, WorldNet has provided these services on a resale basis. In doing so, however, it has expended significant resources in Puerto Rico and thus has a considerable economic investment in the Puerto Rico market. Indeed, WorldNet has for the past four years made the substantial commitment to develop an organization, back office, sales, marketing, and regulatory personnel, systems and processes to offer its customers in Puerto Rico state of the art telecommunications services with a level of service and quality above and beyond that offered by the incumbent.

Very recently, WorldNet has begun to transition its resale circuits to UNE-P.² In order to do so, WorldNet has expended considerable energy, resources, time, and money, including, among other things, in a formal interconnection arbitration proceeding with Puerto Rico Telephone Company (“PRTC” or the “Incumbent”) under section 252 of the Act. For WorldNet, the migration of its services to UNE-P is critical toward gaining more control over the telecommunications network and expanding the array of offerings it can provide. WorldNet believes this migration is very much in line with the vision underlying the architecture of the Telecommunications Act of 1996. As a reseller today, WorldNet is benefiting the telecommunications market in Puerto Rico by offering lower prices and higher quality services to customers. The migration to facilities-based services, through WE-P as an intermediary step, will allow WorldNet to continue to offer such a competitive alternative.

Another advantage of WorldNet’s current migration to UNE-P, and ultimately to the use of its own facilities, is that it will increase the number of facilities-based carriers in Puerto Rico. Since customers in Puerto Rico have historically received inefficient and poor quality service, the provision of telecommunications services by other carriers, such as WorldNet, has been a welcomed change to many customers in Puerto Rico. This is evident by the basic fact that many key customers in Puerto Rico have subscribed to WorldNet’s resale service. Through the use of UNE-P, WorldNet believes that it can utilize the same basic infrastructure elements to provide even better telecommunications service in Puerto Rico

II. State of Competition in Puerto Rico

Currently, competition in the telecommunications industry in Puerto Rico *is* minimal.’ Although it has been almost seven years since the passage of the Act, little progress has been made in introducing competitive telecommunications services in Puerto Rico.’

As the only incumbent local exchange carrier in Puerto Rico, PRTC is controlled by Verizon Communications Corporation (“Verizon”) and is the monopoly provider of

² WorldNet relied on this fundamental linchpin of the Congressional menu of local competition options under the Act. WorldNet looks to LINE-P as a transition strategy to a more facilities-based approach.

³ See Affidavit of Robert Walker at ¶ 16, attached hereto as Exhibit A (“Walker Affidavit”).

⁴ *Id.* at ¶¶ 14-16.

local exchange services and access services, and is the dominant player in intraisland interexchange service in Puerto Rico.’ Furthermore, the Incumbent is the only universally available carrier on the island and has the only island-wide ubiquitous network.⁶ Consequently, the growth of competition in Puerto Rico has been slow. As a matter of fact, Puerto Rico has only one active facilities-based CLEC,’ and, of the six companies that are certified by the Board to operate as resellers in Puerto Rico, WorldNet is believed to be the only active reseller with a locally-based sales and support staff.’ Moreover, San Juan ranks nearly last among major U.S. cities in terms of telecommunications competition.’ Indeed, while local competition has flourished on the mainland, it has languished on the island as the Incumbent continues to maintain a service monopoly throughout Puerto Rico.’”

Though the Incumbent became a privatized entity over three years ago, the previously government-owned and run telephone company still maintains many of the characteristics of a monopoly.” As of December 31, 2001 (the latest statistics presently available), the Incumbent provided lines to ninety-four percent (94%) of the residential and small business customers in Puerto Rico.¹² The Incumbent’s market share dwarfs the shares of all of its other competitors combined.

111. The Availability of UNE-P Is Essential To The Development of Competition in Puerto Rico And Must Be Made Continuously Available

1. The Commission Should Refrain From Applying An Overarching Rule to Puerto Rico

Access to UNE-P is necessary in order for resellers and CLECs to maximize their chance of competing in the telecommunications market in Puerto Rico.¹³ Although WorldNet is currently in the process of migrating to become a facilities-based carrier, WorldNet’s business plan is still largely dependent upon its ability to purchase UNE-P from the Incumbent as a transition step. Access to UNE-P, therefore, is necessary to further promote competition in Puerto Rico.

Moreover, WorldNet’s ability to compete in the telecommunications market in Puerto Rico will be severely impaired in the event that the Federal Communications Commission (“FCC” or “Commission”) decides to eliminate any of the constituent local network elements that comprise UNE-P. The removal of UNEs would leave WorldNet

⁵ *Id.* at ¶ 12.

⁶ *Id.* at ¶ 16.

Of the eight CLECs that are certified by the Board to provide telecommunications services, only one facilities-based CLEC, Lambda Communications, Inc., a subsidiary of Centennial Communications, Inc., is active in Puerto Rico. See Walker Affidavit at ¶ 15.

⁸ *Id.*

⁹ *Id.* at ¶ 14.

¹⁰ *Id.* at ¶ 16.

¹¹ *Id.* at ¶ 12.

¹² *Id.* at ¶ 16.

¹³ *Id.* at ¶ 18.

with few alternative means of providing service in Puerto Rico.¹⁴ This is due in part to the fact that the Incumbent appears to own and control all but three (3) of the one hundred and eight (108) wireline switches currently in operation in Puerto Rico.¹⁵ Moreover, it would be neither financially feasible nor cost effective for WorldNet to construct duplicate facilities throughout the island of Puerto Rico. With the necessary infrastructure already in place, it makes little economic sense for WorldNet to recreate a telecommunications network that already exists and can easily be utilized by more than one carrier. Access to UNE-P, however, offers a middle ground by allowing WorldNet to provide service through a combination of its own facilities and the purchase of UNE-P from the Incumbent. Removal of UNE-P from the list of available UNEs will seriously impair WorldNet's ability to provide service in Puerto Rico.

2. Puerto Rico Is A Unique Geographic Market That Requires Continued Access to UNE-P

With regard to the "impair" analysis under Section 251(d)(2), the D.C. Circuit in *United States Telecom Ass'n v. FCC*¹⁶ requires the Commission to review the issue of UNE availability on a geographic-area basis. WorldNet, therefore, urges the Commission to give special consideration to the unique circumstances present in the Puerto Rico telecommunications market, and to how WorldNet's ability to provide service in Puerto Rico will be impaired by the removal of any of the constituent local network elements that comprise UNE-P.

Puerto Rico is unique in comparison to other geographic areas because it is an island and therefore it is more isolated and less developed. There are a limited number of telecommunications facilities available in Puerto Rico.¹⁷ Consequently, and unlike other markets, Puerto Rico has limited infrastructure and fewer CLECs with whom a competitor can interconnect.¹⁸ As a result, the state of competition in Puerto Rico is far behind that in the U.S. mainland.

Switching plays a vital function in WorldNet's provision of local, long distance, and data services because it connects WorldNet's customers into the Incumbent's lines and trunks. If local switching is removed from the list of available UNEs, WorldNet will not have the luxury of purchasing idle facilities from other carriers in Puerto Rico. Unlike other markets, such as New Orleans, where it is alleged that five switches are sitting idle, most, if not all, of the switches in Puerto Rico are being utilized by the Incumbent. In fact, of the approximately one hundred and eight (108) wireline switches in operation in Puerto Rico, one hundred and five of the switches (105) are owned and controlled by the Incumbent.¹⁹ Moreover, most, if not all of the switches owned by carriers other than the Incumbent are operating at full capacity.²⁰ This is obviously

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ 200 F.3d 415 (D.C. Cir. 2002) (herein "USTA")

¹⁷ Walker Affidavit at ¶ 18.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.* at ¶ 17

inadequate to offer any meaningful option for the ubiquitous provision of telecommunications services to the citizens of Puerto Rico. Since the Incumbent is the only facilities-based carrier on the island, there are no other carriers that WorldNet can purchase switching circuits from. The Incumbent, in effect, has a virtual stranglehold on the market.

Furthermore, even if WorldNet were to deploy its own switches, the burdens, delays, and costs associated with interconnecting with the Incumbent would be substantial and inordinately greater than virtually any other U.S. market.” This is because the Incumbent in Puerto Rico is demonstrably behind the U.S. mainland in terms of general telecommunications deployment and accommodation of competition.²² Since the adoption of the Act in 1996, there have been huge delays in developing initial post-1996 interconnection contracts.²³ Incredibly, to date, the Incumbent has not deployed one single UNE.²⁴ Indeed, the Incumbent has little experience with competitive service providers and no experience with UNE-P.” This was demonstrated by the Incumbent’s recent inability to properly bill WorldNet for UNEs or to provide access to line information database data and other features commonly offered to mainland CLECs.²⁶ Moreover, after more than a year of advanced notice and a dozen meetings of a joint implementation team, the Incumbent is still unable to provide detailed minutes-of-use information on WE - P calls.

In sum, there is simply no way that the Incumbent is now, or in the foreseeable future, prepared to accommodate switch based competition. The Incumbent lacks the capacity, experience, technology, personnel, and motivation to accommodate competition. And, unfortunately, there is no indication that the situation will improve in the near future. For this reason, access to UNE-P, particularly to switching circuits, is key to WorldNet’s continued competitive position in Puerto Rico. Denying WorldNet access to these necessary UNEs will most certainly impair its ability to provide service.

IV. If The Commission Determines That It Must Eliminate Certain UNEs Pursuant to the *USTA* Decision, The Commission Should Afford the States Discretion to Determine UNE Availability

In the event that the Commission determines that it is necessary under *USTA* to remove certain local network elements from the list of UNEs that are currently available to competitors, the Commission should defer to the state public utility commissions (“state PUCs”) and allow them to undertake a granular market analysis of the state of competition and to determine which UNEs must remain available in order to foster competition in that particular state. Indeed, the state PUCs are clearly in the best position

²¹ *Id.* at ¶ 20.

²² *Id.* at ¶ 19.

²³ *Id.* at ¶¶ 5-7.

²⁴ *Id.* at ¶ 19.

²⁵ *Id.*

²⁶ *Id.* at ¶ 20.

to conduct such analyses because each state PUC has intimate knowledge of and involvement in their respective telecommunications marketplace.

Moreover, the Commission should not attempt to provide detailed guidelines as to which UNEs should be retained in each market. Rather, the Commission should establish general guidelines and allow the state PUCs to address the details of UNE availability based upon their experience and expertise in the particular market. The Commission could, for example, order each state PUC to undertake a market analysis by geographic area and by customer class to determine whether the retention of UNE-P is necessary to foster competition in that market. More specifically, state PUCs' analyses could include a review of the availability of facilities in a particular state to determine whether any real alternatives exist to the incumbent LEC for obtaining facilities (in accordance with the "necessary and impair" standards under the Act) and the burden and difficulty it would impose on competitors if they were forced to construct their own switching facilities and to interconnect with the ILEC on a facilities-based basis.

The Commission should not establish explicit rules that are likely to constrain state efforts to implement local competition. If the Commission determines that it must remove certain UNEs, the Commission should adopt broad guidelines and permit the state PUCs to undertake a granular analysis to determine, based upon the parameters established by the Commission, whether UNE-P is essential for the particular state's ability to foster competition in the telecommunications market.

V. The FCC Should Continue to Permit All Competitors to Access UNEs

In the pending Triennial Review rulemaking, the Commission has been given the task of examining its own policies on UNEs and determining how ILECs must provide competitors access to their ubiquitous networks. Moreover, the Commission was instructed in the *USTA* decision to vary the scope of its review of the ILEC unbundling obligations under the "impair" analysis of Section 251 to include an analysis by geographic area and customer class markets. Section 251(d)(2) provides that in determining what network elements should be made available for competitors, the Commission should consider whether (1) access to such network elements is necessary, and (2) failure to provide access to network elements will impair the ability of the carrier seeking access to provide the services that it seeks to offer.²⁷ Given this framework, WorldNet implores the Commission not to remove any of the constituent local network elements that comprise UNE-P from the list of UNEs that are available to CLECs. In the alternative, if the Commission determines that it must eliminate certain UNEs under the *USTA* decision, the Commission should not apply an overarching rule to Puerto Rico.

The goal of the Telecommunications Act of 1996 was to promote competition in the telecommunications marketplace. Specifically, the legislative history states that the purpose of the Act was to:

²⁷ 47 U.S.C. § 251(d)(2)

provide for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and service to all Americans by opening all telecommunications markets to competition.”

The availability of UNE-P is a critical linchpin of the Act because it allows competitors to access certain network elements on an unbundled basis in order to provide competitive telecommunications services. UNE-P, therefore, is necessary in order to foster competition in the telecommunications marketplace. Without access to UNE-P, competitors may not have the tools necessary to continue providing competitive services. The reasons that caused Congress to incorporate the concept of UNEs and combinations (hereof, such as UNE-P, as central features of the Act have not changed since Congress made that determination in 1996. In fact, given the troubled state of the competitive telecommunications market, the arguments are even more compelling that this Commission ought to ensure that competitors have every tool at their disposal in an attempt to succeed. For this reason, the Commission should refrain from removing any of the constituent local network elements that comprise UNE-P, and should continue to permit all competitive carriers to access UNEs pursuant to Section 251(d)(2).

VI. Conclusion

This proceeding presents the Commission with the unique opportunity to promote competition in the telecommunications market in Puerto Rico. Although a monopoly telecommunications environment still exists in Puerto Rico, WorldNet and other carriers have managed to make some progress in breaking into the market by offering customers lower prices and higher quality services in Puerto Rico. Though WorldNet is in the process of migrating to facilities-based service, currently, an essential part of WorldNet’s ability to continue offering telecommunications service is the availability of UNE-P, and, more specifically, the availability of local switching circuits. The removal of any of the constituent local network elements that comprise UNE-P from the list of UNEs that is available to competitors will severely impair WorldNet’s ability to provide service in Puerto Rico. It is therefore critical that WorldNet be given permanent and continued access to all of the individual UNEs that constitute UNE-P.

The retention of a meaningful UNE-P option constitutes one of the most significant and critical issues to the maintenance and future development of telecommunications competition in Puerto Rico. Having a viable UNE-P opportunity is “necessary” to WorldNet’s long term role as a competitor in Puerto Rico. Without access to UNE-P, WorldNet would surely be “impaired.”

WorldNet, therefore, urges the Commission to continue to permit all CLECs to access UNE-P. In the alternative, the Commission should afford the state PUCs discretion to determine UNE availability after undertaking a granular market analysis. Finally, WorldNet implores the Commission to consider the unique geographic characteristics of Puerto Rico, as well as its history of originally excluding, and now

²⁸ Sen Rpt. 104-23, 104th Cong., 1st Sess at 2-3 (1995)

impeding, the provision of competitive telecommunications services. In Puerto Rico, there are no meaningful choices or options to obtain facilities other than from the incumbent local exchange carrier. Consequently, under the directive of the *USTA* decision, whatever this Commission may do in any other market, it should absolutely not remove the UNE-P obligation in Puerto Rico.

Respectfully submitted,

Lawrence R. Freedman - ACK

Lawrence R. Freedman
Counsel for WorldNet Telecommunications,
Inc.

cc: Marsha MacBride
Christopher Libertelli
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EXHIBIT A

**AFFIDAVIT OF ROBERT W. WALKER ON BEHALF OF WORLDNET
TELECOMMUNICATIONS, INC.**

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Review of the Section 251 Unbundling)	CC Docket No. 01-338
Obligations of Incumbent Local Exchange)	
Carriers)	
)	
Implementation of the Local Competition)	CC Docket No. 96-98
Provisions of the Telecommunications Act of)	
1996)	
)	
Deployment of Wireline Services Offering)	CC Docket No. 98-147
Advanced Telecommunications Capability)	

**AFFIDAVIT OF ROBERT W. WALKER
ON BEHALF OF WORLDNET TELECOMMUNICATIONS, INC.**

1. My name ~~is~~ Robert W. Walker. I am sixty-six years old. I ~~am~~ the founder and president of Comsource, Inc., a telecommunications regulatory and technology consulting ~~firm~~ located at 22W343 Arbor Lane, Glen Ellyn, Illinois 60137. I have nearly forty-three (43) years of experience in the telecommunications industry with thirty-three (33) of those years spent at Illinois Bell and Ameritech, predecessors and current affiliates of SBC. I have held a wide range of technical staff and management positions within Illinois Bell and Ameritech in the switching, transport and operational support systems (“OSS”) areas

2. Prior *to* my departure from Ameritech, I held the position of Director of Transport Planning and, before that, Director of Transmission at Illinois Bell. Prior to that, I was director of Technical Development for Ameritech Development Corporation. I established Comsource,

Inc. in 1994. Comsource's efforts are largely focused on providing assistance to competitive local exchange carriers ("CLECs") entering the telecommunications business with technical and regulatory matters. Through Comsource, I have been involved with more than eighty-five (85) interconnection agreements, coast-to-coast with every major U.S. incumbent telephone company, including all of the RBOCs, Sprint, GTE, CenturyTel, Alltel, and Puerto Rico Telephone Company ("PRTC" or the "Incumbent").

3. The purpose ~~of~~ this affidavit is to support the ex parte letter submitted on behalf of WorldNet Telecommunications, Inc. ("WorldNet") in this proceeding and to help ensure that the record *on the* issues that I discuss is full and accurate.

1. Experience Working in the Puerto Rico Telecommunications Market

4. I have extensive experience working in the Puerto Rico telecommunications market and, more specifically, working with the Incumbent on behalf of two CLECs, KMC Telecom, Inc. ("KMC") and WorldNet.

A. KMC

5. I began my involvement in Puerto Rico on behalf of KMC in December ~~of~~ 1996. At that time, KMC was among the first competitive carriers to file for CLEC status in Puerto Rico with the newly formed Telecommunications Regulatory Board of Puerto Rico ("Board"), which is charged with regulating telecommunications on the island. KMC retained me to assist with interconnection negotiations with the Incumbent. It quickly became apparent during the initial meetings with the Incumbent that the negotiation of an interconnection agreement was going to be a difficult and challenging process. Subsequent meetings in early 1997 did not resolve the disputes between KMC and the Incumbent, and an arbitrator was assigned by the Board.

6. During the KMC-PRTC arbitration, it was revealed that the Incumbent did not have either a CLEC or a reseller manual (collectively, the “Manuals”), as ILECs customarily do.

Such Manuals typically govern the processes and procedures (such as order processing, trouble reporting, securing UNEs, and billing) by which a competitive carrier interconnects with an ILEC. In a highly unusual move, because of my technical and regulatory expertise in the Puerto Rico market, I was instructed by the arbitrator to draft the Manuals for the Incumbent. Thereafter, for the next six months, I had intense and ongoing involvement with the Incumbent in an effort to prepare the Manuals. My involvement with the Incumbent included numerous meetings in Puerto Rico and conference calls with the Incumbent’s management and personnel, review and analysis of many documents produced by the Incumbent, and extensive meetings with members of the Puerto Rican resellers’ community. During this process, I worked closely with the Incumbent and observed their systems, technology, and personnel.

7. After long and contentious negotiations, KMC and PRTC finalized a mutually acceptable agreement. The KMC agreement was the first interconnection agreement entered into in Puerto Rico and served as a benchmark and an opt-in candidate for future agreements for several years. In December 1997, I finished drafting the Manuals and ended my initial activities in Puerto Rico.

B. WorldNet

8. In the summer of 2000, I was asked to assist WorldNet in becoming a facilities-based competitive carrier in Puerto Rico. My return to Puerto Rico allowed me to assess the changes in the telecommunications industry since I was last on the island. Unfortunately, the years since

1936 had witnessed surprisingly few changes in the competitive telecommunications makeup of Puerto Rico. The Incumbent was still the only universally available carrier on the island and the growth of competition in Puerto Rico continued to be extremely slow.

9. As a consultant, I have been actively involved in the interconnection negotiation process on behalf of WorldNet. WorldNet is the largest and most successful resale operator in Puerto Rico and is owned and operated by David Bogaty. Because resellers on the mainland were rapidly disappearing, WorldNet's management recognized that the continued success of the company could only be assured by migrating to facilities-based service. WorldNet, therefore, requested my assistance in establishing the company as a facilities-based CLEC so that it could secure facilities and UNE-Platforms ("UNE-P") as an alternative to resale. Converting WorldNet resale subscribers to UNE-P was the first step in the process of becoming a full-fledged competitive telephone company.

10. It was within this framework that I began negotiating an interconnection agreement with the Incumbent in June 2001. As part of the interconnection negotiations between WorldNet and PRTC, I was called upon to lead meetings and conference calls with the Incumbent, observe the Incumbent's systems and networks, and interact with the Incumbent's personnel. One of the major issues of dispute between the parties was access to UNE-P. The Incumbent reluctantly agreed to provide UNE-P, but requested that WorldNet not submit any orders to convert resale lines to UNE-P until October 1, 2002. Despite many meetings between WorldNet and the Incumbent, little was accomplished towards implementation of UNE-P. October 1, 2002 came without the Incumbent's UNE-P provisioning and billing capability being in place and, to date,

WorldNet has yet to obtain access to UNE-P.

II. Historical Information on the Telecommunications Market in Puerto Rico

11. The Telecommunications Act of 1996 (“Act”) was enacted in February of 1996. Among other things, the Act required state public utility commissions to approve interconnection agreements between incumbent local exchange carriers (“ILECs”) and competitive carriers and, if necessary, to arbitrate agreements between interconnecting carriers. Prior *to* 1996, there was no state public utility commission in Puerto Rico, and thus no regulatory oversight in Puerto Rico. In order to meet the requirements of the Act, the Puerto Rican government established the Board in November of 1996. The formation of the Board occurred simultaneously with the first filings for CLEC status on the island.

12. At the time the Act was adopted, PRTC was the only local telephone service provider on the island and was a wholly-owned agency of the government of Puerto Rico. The Puerto Rican government thereafter announced that it planned to sell its interest in the Incumbent and return telephone service to private ownership. In the ensuing years, the Puerto Rican government sold a minority interest in the Incumbent to General Telephone and Electronics (“GTE”). Although the government of Puerto Rico continued to be the majority stockholder of the Incumbent, GTE assumed day-to-day management of the company. When Bell Atlantic and GTE merged to form Verizon Communications Corporation (“Verizon”), the Incumbent’s management team remained in place and continued to operate the company. Recently, Verizon purchased additional stock in the Incumbent and is now the majority owner of the Incumbent, although the Puerto Rican government continues to *hold* a *minority* interest in the Incumbent.

13. Nowhere did the Act have a more profound impact than on the island commonwealth of Puerto Rico, where the Act essentially ended a government-owned and operated monopoly.

Unfortunately, while the San Juan area constitutes a significant telecommunications market, only a few CLECs were willing to compete against an entrenched ILEC with a legacy of being a government agency. Cultural differences and Puerto Rico's insular setting further contributed to the reluctance of many CLECs to enter the Puerto Rico market.

14. Competitive carriers have continued to show reluctance to enter the market in Puerto Rico. As a result, San Juan currently ranks nearly last among major U.S. cities in terms of telecommunications competition. Whereas the mainland PUCs have been besieged with CLEC applications, there have been few requests for CLEC certification in Puerto Rico. Moreover, the already limited number of competitive carriers applying for certification in Puerto Rico diminished once the applicants realized how difficult it is to secure interconnection facilities from an entrenched ILEC with a history of operating as a government agency. Consequently, Puerto Rico has not experienced the numerous arbitrated agreements that have served to advance and establish the competitive guidelines for stateside telephone companies.

15. Indeed, despite the passage of the Act and the formation of the Board, very few changes have occurred in the competitive telecommunications makeup of Puerto Rico. Unlike similar sized cities on the mainland, San Juan has only one active facilities-based CLEC, Lambda Communications, Inc., a subsidiary of Centennial Wireless of Puerto Rico. Furthermore, there are only six companies certified by the Board as resellers in Puerto Rico, and only one of the six certified resellers is known to be active and to have a locally-based sales and support staff. Consequently, Puerto Ricans have few options for telecommunications services.

16. Today, competition in the telecommunications industry in Puerto Rico is minimal. As of

December 31, 2001, the Incumbent provided lines to ninety four percent (94%) of the residential and small business customers in Puerto Rico. The Incumbent is the only universally available carrier on the island and has the only island-wide ubiquitous network. While local competition has flourished on the mainland, it has languished on the island as the Incumbent has been able to maintain a virtual service monopoly throughout Puerto Rico.

17. According to the Local Exchange Routing Guide (“LERG”), as of July 2002, the Incumbent continues to dominate the market with one hundred and five (105) installed wireline digital switches throughout the island. PRTC’s interoffice facilities *are* largely fiber, as are the feeder facilities to Digital Loop Carrier-Remote Terminals and Remote Switching Modules. Distribution facilities are predominately twisted pair copper, most of it underground, especially in the San Juan, Ponce, Mayaguez and other metropolitan areas. Unfortunately, Puerto Rico lies in the path of many tropical storms and hurricanes and thus, wherever possible, the Incumbent has placed its facilities underground in conduit to avoid storm damage. This, however, makes it extremely difficult for CLECs to access existing conduits since, unlike some mainland locations, most conduits in Puerto Rico are full. There simply exists no surplus of switching capacity that can be used by a competitor.

III. UNE-P

18. Any move to restrict or otherwise limit access *to* UNE-P will have a devastating effect on competitive telephone service in Puerto Rico. Access to UNE-P is necessary in order for resellers and CLECs to have any chance of competing *in the* telecommunications market *in* Puerto Rico. Because it is an isolated island and is less developed than the mainland, there are a limited number of telecommunications facilities and less infrastructure available in Puerto Rico.

Based on information and belief, the Incumbent owns and controls all but three (3) of the one hundred and eight (108) wireline switches in Puerto Rico. Unlike other markets, such as New Orleans, where it is alleged that five (5) switches are sitting idle, most, if not all, of the switches in Puerto Rico are being utilized. Therefore, the removal of UNEs would leave WorldNet with few alternative means of providing service in Puerto Rico.

19. By working with the Incumbent and observing the Incumbent's systems, technology, and personnel, I have concluded that the Incumbent is demonstrably behind the U.S. mainland in terms of general telecommunications deployment and accommodation of competition. Even implementing UNE-P in Puerto Rico has proven to be a challenge because the Incumbent has not developed the organizational structures, capacity, experience, technology, or personnel, common among stateside ILECs, to facilitate competition. The Incumbent has little experience with competitive service providers and no experience with UNE-P. Incredibly, to date, the Incumbent has not deployed one single UNE.

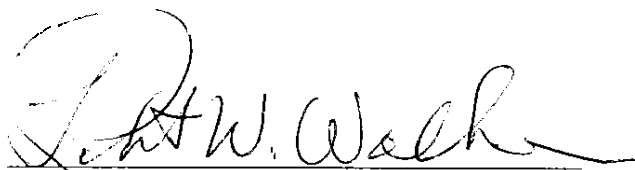
20. The Incumbent's lack of experience was recently demonstrated by its inability to properly bill WorldNet for UNE-P, and to provide access to Line Information DataBase ("LIDB") data and other features commonly offered to mainland CLECs. After more than a year of lead time and a dozen meetings of a joint implementation team, the Incumbent is still unable to provide detailed minutes-of-usage billing on UNE-P calls. In sum, the burdens, delays, and costs associated with interconnecting with the Incumbent in Puerto Rico are substantial and inordinately greater than in virtually any other U.S. market.

21. Simply put, the Incumbent is not ready to accommodate switched-based technology, Therefore, any effort to restrict or curtail access to the currently available UNEs will have a disastrous effect on the evolving competitive climate on the island.

22. To the best of my knowledge, the events described in this Affidavit are true.

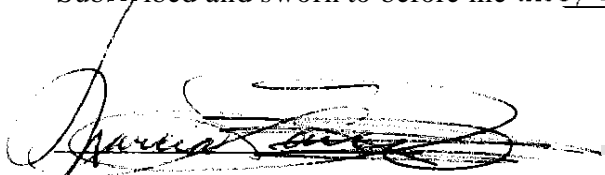
I declare that the foregoing is true and correct to the best of my knowledge.

Executed on January 3, 2003



Robert W. Walker, Affiant

Subscribed and sworn to before me the 3rd day of January 2003.



Notary Public

152376v1

MARCIAL TANCIL
NOTARY PUBLIC - ILLINOIS

